

7980 California Student Aid Commission

The mission of the California Student Aid Commission (Commission) is to make education beyond high school financially accessible to all Californians. The Commission administers federal and state authorized financial aid, including grants and student loans. In addition, the Commission makes public policy recommendations concerning financial aid programs.

The Commission is composed of 15 members: 11 members are appointed by the Governor and confirmed by the Senate, 2 members are appointed by the Senate Rules Committee and 2 members are appointed by the Speaker of the Assembly. Members serve four-year terms except the two student members, appointed by the Governor, who serve two-year terms.

3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
15 Financial Aid Grants Program	121.2	122.0	122.0	\$894,670	\$962,329	\$961,334
50 California Loan Program	44.4	24.0	24.0	1,374,237	1,522,704	1,522,293
80.01 Administration	28.4	29.1	28.8	3,363	3,373	3,376
80.02 Distributed Administration	-28.4	-29.1	-28.8	-3,363	-3,373	-3,376
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	165.6	146.0	146.0	\$2,268,907	\$2,485,033	\$2,483,627
FUNDING				2007-08*	2008-09*	2009-10*
0001 General Fund				\$866,664	\$900,642	\$730,659
0783 Federal Student Loan Reserve Fund				1,277,889	1,416,242	1,416,242
0784 Student Loan Operating Fund				94,900	130,038	106,051
0890 Federal Trust Fund				10,681	18,301	18,301
0995 Reimbursements				18,773	19,810	212,374
TOTALS, EXPENDITURES, ALL FUNDS				\$2,268,907	\$2,485,033	\$2,483,627

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Education Code Sections 66021.2, 69430-69439, 69509, 69509.5, 69510-69518, 69519, 69522-69529.5, 69530-69547.9, 69550-69551, 69560-69566, 69612-69615.6, 69618-69619, 69620-69628, 69750-69751.8, 69760-69779, 70100-70129 and Labor Code Section 4709.

MAJOR PROGRAM CHANGES

- The Budget proposes a reorganization that would consolidate the functions of the California Postsecondary Education Commission (CPEC) and the Commission and decentralize the administration of financial aid, including Cal Grants, to the higher education segments. The Budget anticipates a partial-year savings of \$2 million assuming mid-year implementation of this proposal and is scored under a separate organization code. A new control section is proposed that would authorize the Director of Finance to shift funding from the existing appropriations for the CPEC and the Commission consistent with this reorganization.
- The Budget proposes \$87.5 million in reductions by eliminating new awards for the Cal Grant Competitive Program, partially decoupling Cal Grant awards from segment fee increases, reducing the Cal Grant award for independent and private institutions, and freezing Cal Grant income eligibility at 2008-09 levels.
- The Budget proposes to shift \$192.6 million Cal Grant costs from General Fund to the federal Temporary Assistance for Needy Families Program through a reimbursement from the Department of Social Services.
- The Budget recognizes revised estimates of costs for Cal Grants in 2008-09 that project a potential shortfall of \$62.6 million.

DETAILED BUDGET ADJUSTMENTS

	2008-09*			2009-10*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Employee Compensation	\$18	\$3	-	\$30	\$6	-
• Retirement Rate Adjustment	-5	-1	-	-5	-1	-
• Remove One-time Relocation Funding	-	-	-	-1,010	-	-

* Dollars in thousands

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	2008-09*			2009-10*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
• Remove One-time Student Loan Operating Fund for Cal Grants	-	-	-	24,000	-24,000	-
• Financial Aid Program Growth	62,616	-	-	150,144	-	-
• Miscellaneous Adjustments	-	-	-	81	12	-
• Reappropriation of Prior Year State Operations Savings	502	-	-	-	-	-
• Miscellaneous EdFund Continuous Appropriation Adjustments	-	742,602	-	-	742,600	-
Totals, Other Workload Budget Adjustments	\$63,131	\$742,604	-	\$173,240	\$718,617	-
Totals, Workload Budget Adjustments	\$63,131	\$742,604	-	\$173,240	\$718,617	-
Policy Adjustments						
• Shift Portion of Cal Grant Costs to the Federal Temporary Assistance for Needy Families Program	\$-	\$-	-	-\$192,564	\$192,564	-
• Eliminate Cal Grant Competitive Program	-	-	-	-52,936	-	-
• Decouple Cal Grants From Segment Fee Increases	-	-	-	-16,592	-	-
• Reduce Cal Grant Amount for Private Institutions	-	-	-	-11,000	-	-
• Freeze Cal Grant Income Eligibility Levels	-	-	-	-7,000	-	-
Totals, Policy Adjustments	\$-	\$-	-	-\$280,092	\$192,564	-
Totals, Budget Adjustments	\$63,131	\$742,604	-	-\$106,852	\$911,181	-

* Dollars in thousands

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Awards Granted/Proposed

	2007-08	2008-09	2009-10
Entitlement Awards:			
Number	194,370	198,270	203,350
Amount	\$679,892	\$741,801	\$796,236
Competitive Awards:			
Number	62,345	62,245	34,604
Amount	\$127,108	\$129,233	\$74,169
Existing Awards:			
Cal Grant A:			
Number	135	20	3
Amount	\$306	\$54	\$5
Cal Grant B:			
Number	175	30	5
Amount	\$334	\$64	\$11
Other Programs:			
Cal Grant C:			
Number	15,365	15,875	16,055
Amount	\$8,380	\$9,195	\$9,353
Student Opportunity and Access Program:			
Number (consortia)	16	15	15
Amount	\$6,367	\$7,349	\$7,349
Assumption Program of Loans for Education:			
Number ¹	12,576	12,502	12,624
Amount	\$39,481	\$40,234	\$40,518
Graduate Assumption Program of Loans for Education:			
Number ¹	107	105	118
Amount	\$214	\$210	\$235
State Nursing Assumption Program of Loans for Education for Nursing Faculty:			
Number ¹	0	4	32
Amount	\$0	\$33	\$267
State Nursing Assumption Program of Loans for Education for Nurses in State Facilities:			
Number ¹	0	0	10
Amount	\$0	\$0	\$50
National Guard Assumption Program of Loans for Education:			
Number ¹	100	93	93
Amount	\$200	\$279	\$279
Law Enforcement Personnel Dependents Scholarships:			
Number	9	11	9
Amount	\$59	\$119	\$99
Byrd Scholarships:			
Number	3,705	3,765	3,765
Amount	\$5,568	\$5,671	\$5,671
Child Development Teacher and Supervisor Grant Program:			
Number	293	293	293
Amount	\$304	\$304	\$304
Chafee Foster Youth Program			
Number	3,076	3,144	3,144
Amount	\$12,605	\$13,539	\$13,539
Cash for College			
Number (Regional Coordinating Offices)	0	6	6
Amount	\$0	\$200	\$200
Total:			
Number	289,196	293,234	270,982
Amount	\$880,818	\$948,285	\$948,285

¹ Number of awards represents only those students receiving loan repayments from the program. As a result, the new awards are not reflected in this table.

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PROGRAM DESCRIPTIONS (Program Objectives Statement)

15 - 15 FINANCIAL AID GRANTS PROGRAM

This program provides grants and other specialized financial aid to help undergraduate and graduate students pay educational expenses. Awards are coordinated with other available award sources including federal Pell Grants. The financial aid grant programs are described below.

CAL GRANT A and B

Entitlement Awards

Cal Grant Entitlement Award Programs were established by Chapter 403 of the Statutes of 2000. The entitlement awards are guaranteed to students who graduate from high school in 2000-01, or beyond, and meet financial, academic, and general program eligibility requirements.

- Cal Grant A provides tuition and fee funding to eligible lower income high school graduates who have at least a 3.0 grade point average (GPA) on a four-point scale. The award provides up to a maximum grant award of \$8,322 for new and renewal recipients at qualifying postsecondary institutions.
- Cal Grant B provides funds to eligible low-income disadvantaged high school graduates who have at least a 2.0 GPA. The award provides up to \$1,551 for book and living expenses for the first year. In the second year, it also helps pay for tuition and fees at qualifying post secondary institutions.
- The California Community College Transfer Award provides funding to eligible high school graduates who have a community college GPA of at least 2.4 on a four-point scale.

Competitive Awards

Cal Grant Competitive Award Program was established by Chapter 403 of the Statutes of 2000. There are 22,500 Cal Grant A and B competitive awards available to applicants who meet financial, academic, and general program eligibility requirements. Half of these awards (11,250) are offered to those applicants who did not receive an entitlement award and meet the March 2 deadline. The remaining 11,250 awards are offered to students who are enrolled at a California Community College and meet the September 2 deadline. Beginning 2009-10, no new warrants will be issued; only renewals will continue to be funded.

Existing Awards

The existing Cal Grant A and B Programs, prior to Chapter 403 of the Statutes of 2000, are being phased out. Funding is provided for renewal of awards made prior to the 2001-02 fiscal year.

- Cal Grant A and B provide tuition and fee funding for financially and academically eligible students attending a California college or university of their choice. Recipients at private institutions will continue to receive their maximum grant awards depending on when they received their first award. Cal Grant B recipients also receive up to \$1,551 for books and living expenses.

OTHER AWARDS

- The Cal Grant C provides funding for financially eligible lower income students preparing for occupational or technical training. The authorized number of new awards is 7,761. For new and renewal recipients, the current tuition and fee award is up to \$2,592 and the allowance for training-related costs is \$576.
- The Assumption Program of Loans for Education (APLE) allows the State to issue agreements for loan assumptions annually to students, district interns, and out-of-state teachers pursuing careers in teaching. Through APLE, a participant who teaches a total of four years can receive up to \$11,000 toward outstanding student loans. APLE participants who provide the designated teaching service in the areas of math, science, or education specialist instruction are eligible to receive an additional \$1,000 per year in loan assumption benefits. Participants meeting this requirement who provide teaching service in a California public school that is ranked in the lowest 20 percentile of the Academic Performance Index are eligible to receive an additional \$1,000 per year for a possible total loan assumption benefit of up to \$19,000.
- The Law Enforcement Personnel Dependents (LEPD) Scholarship Program provides college grants equivalent to Cal Grant amounts to dependents of: California law enforcement officers, officers and employees of the Department of Corrections and Department of Youth Authority, and firefighters killed or permanently disabled in the line of duty. This program is funded from the General Fund.
- The Graduate Assumption Program of Loans for Education (Graduate APLE) allows the State to issue loan assumption agreements to Californians pursuing graduate degrees at postsecondary institutions. A recipient who teaches for three years at a regionally accredited California college or university can receive up to \$6,000 toward outstanding student loans. Since 2003-04, no new warrants have been issued; only renewals will continue to be funded.
- The National Guard Assumption Program of Loans for Education (Chapter 345 of the Statutes of 2003) was established for qualifying members of the National Guard, the State Military Reserve, or the Naval Militia who seek, or who have completed, baccalaureate degrees at institutions of higher education within the State of California. Participants who provide additional service for four years can receive up to \$11,000 for student loans. Since 2006-07, no new warrants have been issued.
- The State Nursing Assumption Program of Loans for Education (SNAPLE), for nursing faculty, allows the State to issue agreements for loan assumptions to persons who have completed at least one academic year, or the equivalent, of full-time teaching nursing studies at one or more regionally accredited, eligible California colleges or universities. Through

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SNAPLE, a participant can receive up to \$8,333 annually for 3 years towards outstanding student loans for a total loan assumption of up to \$25,000.

- The Robert C. Byrd Honors Scholarship Program provides a \$1,500 federal scholarship to exceptionally able students who show promise of continued academic excellence. Scholarships may be renewed for up to four years. This program is funded from federal funds. The State Department of Education contracts with CSAC to administer the program.
- The Child Development Teacher and Supervisor Grant Program (Chapter 721 of the Statutes of 1997) replaced the loan assumption program for participants who intend to teach or supervise in the field of child care and development in a licensed children's center. This program is funded from federal funds through an interagency agreement with the State Department of Education.
- The California Chafee Grant Program provides grants of up to \$5,000 to eligible foster youth who are enrolled in college or vocational school at least half-time. The grant can be renewed if funding is available. This program is funded from federal funds and the General Fund. The State Department of Social Services contracts with CSAC to administer the program.
- The State Nursing Assumption Program of Loans for Education, for nurses in state facilities, allows the State to issue agreements for loan assumptions to persons who fulfill agreements to work full-time for at least 4 consecutive years as a clinical registered nurse in a state-operated 24-hour facility that employs registered nurses and that has a clinical registered vacancy rate of greater than 10 percent. A participant can receive up to \$5,000 annually for four consecutive years towards outstanding student loans for a total loan assumption of up to \$20,000.

OTHER PROGRAMS

- The California Student Opportunity and Access Program (Cal-SOAP), through intersegmental consortia, provides financial aid outreach and tutoring services to disadvantaged K-12 students, increases their access to postsecondary education, and informs students about opportunities for Career Technical Education. Cal-SOAP also assists the matriculation of community college students to four-year institutions. There are 15 Cal-SOAP consortia operating in 17 locations throughout California.
- Cash for College provides financial aid workshops to assist low-income students with completing the Free Application for Federal Student Aid and the Cal Grant GPA Verification Form, as well as providing other financial aid information.

50 - 50 CALIFORNIA LOAN PROGRAM

The Commission administers the Federal Family Education Loan Program (FFELP) for students on behalf of the United States Department of Education (USED) pursuant to the Higher Education Act of 1965, as amended. Chapter 961 of the Statutes of 1996 authorized the Commission to establish an auxiliary organization, EdFund, as a nonprofit public benefit corporation to provide operational and administrative services for the Commission's participation in the FFELP, effective January 1, 1997. The Federal Student Loan Reserve Fund and Student Loan Operating Fund are continuously appropriated for this purpose.

The FFELP consists of Federal Subsidized Stafford loans, Federal Unsubsidized Stafford loans, Federal Parent Loans for Undergraduate Students (PLUS), Graduate and Professional PLUS, and the Federal Loan Consolidation Program. Loans are made available to students through private lenders such as banks or credit unions, and the Commission guarantees the loan. If a student or parent defaults, the lender files a claim with the Commission, which pays the lender a portion of the outstanding balance. The USED reimburses the Commission for the default. The cost of default claims, collection expenses and administration of FFELP are funded by: USED, a federal default fee, collections and fees from defaulted borrowers, and interest on investments.

Chapter 182 of the Statutes of 2007 (SB 89) authorizes the sale, or an alternative financial arrangement to the sale, of the California Student Aid Commission's loan guarantee function and nonprofit auxiliary organization, EdFund, in order to maximize the value of the State's assets related to implementation of the Federal Family Education Loan Program. The law authorizes the Director of Finance to act as an agent for the sale. Net proceeds generated from the sale will be deposited into the state's General Fund. SB 89 amends Education Code Sections 69522, 69526 and 69766 and adds Section 69521-69521.11.

DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)

	2007-08*	2008-09*	2009-10*
PROGRAM REQUIREMENTS			
15 FINANCIAL AID GRANTS PROGRAM			
State Operations:			
0001 General Fund	\$13,556	\$13,618	\$12,623
0890 Federal Trust Fund	-	130	130
0995 Reimbursements	296	296	296
Totals, State Operations	\$13,852	\$14,044	\$13,049
Local Assistance:			
0001 General Fund	\$851,660	\$886,600	\$718,036
0784 Student Loan Operating Fund	-	24,000	-
0890 Federal Trust Fund	10,681	18,171	18,171
0995 Reimbursements	18,477	19,514	212,078

* Dollars in thousands

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	2007-08*	2008-09*	2009-10*
Totals, Local Assistance	\$880,818	\$948,285	\$948,285
PROGRAM REQUIREMENTS			
50 CALIFORNIA LOAN PROGRAM			
State Operations:			
0001 General Fund	\$1,448	\$424	\$-
0783 Federal Student Loan Reserve Fund	1,277,889	1,416,242	1,416,242
0784 Student Loan Operating Fund	94,900	106,038	106,051
Totals, State Operations	\$1,374,237	\$1,522,704	\$1,522,293
TOTALS, EXPENDITURES			
State Operations	1,388,089	1,536,748	1,535,342
Local Assistance	880,818	948,285	948,285
Totals, Expenditures	\$2,268,907	\$2,485,033	\$2,483,627

EXPENDITURES BY CATEGORY (Summary By Object)

1 State Operations	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	165.6	178.7	178.7	\$10,437	\$10,819	\$11,011
Total Adjustments	-	-25.0	-25.0	-	-1,387	-1,436
Estimated Salary Savings	-	-7.7	-7.7	-	-472	-478
Net Totals, Salaries and Wages	165.6	146.0	146.0	\$10,437	\$8,960	\$9,097
Staff Benefits	-	-	-	3,659	3,226	3,275
Totals, Personal Services	165.6	146.0	146.0	\$14,096	\$12,186	\$12,372
OPERATING EXPENSES AND EQUIPMENT				\$96,104	\$108,320	\$106,728
SPECIAL ITEMS OF EXPENSE						
Purchase of Defaulted Loans				\$1,036,629	\$1,120,000	\$1,120,000
Loan Recoveries, Repurchases & Processing				241,260	296,242	296,242
Totals, Special Items of Expense				\$1,277,889	\$1,416,242	\$1,416,242
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$1,388,089	\$1,536,748	\$1,535,342
Excluding EdFund						
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	132.2	146.7	146.7	\$8,319	\$8,953	\$9,110
Total Adjustments	-	-12.0	-12.0	-	-696	-711
Estimated Salary Savings	-	-6.7	-6.7	-	-446	-447
Net Totals, Salaries and Wages	132.2	128.0	128.0	\$8,319	\$7,811	\$7,952
Staff Benefits	-	-	-	2,879	2,812	2,863
Totals, Personal Services	132.2	128.0	128.0	\$11,198	\$10,623	\$10,815
OPERATING EXPENSES AND EQUIPMENT				\$4,102	\$4,346	\$2,747
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$15,300	\$14,969	\$13,562
2 Local Assistance						
Entitlement Awards				\$679,892	\$741,801	\$796,236
Competitive Awards				127,108	129,233	74,169
EXISTING AWARDS:						
Cal Grant A				306	54	5
Cal Grant B				334	64	11

* Dollars in thousands

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2 Local Assistance

	Expenditures		
	2007-08*	2008-09*	2009-10*
OTHER AWARDS:			
Cal Grant C	8,380	9,195	9,353
Student Opportunity and Access Program	6,367	7,349	7,349
Assumption Program of Loans for Education	39,481	40,234	40,518
Graduate Assumption Program of Loans for Education	214	210	235
State Nursing Assumption Program of Loans for Education for Nursing Faculty	-	33	267
State Nursing Assumption Program of Loans for Nurses in State Facilities	-	-	50
National Guard Assumption Program of Loans for Education	200	279	279
Law Enforcement Personnel Dependents Scholarships	59	119	99
Robert C. Byrd Scholarship	5,568	5,671	5,671
Child Development Teacher and Supervisor Grant Program	304	304	304
California Chafee Program	12,605	13,539	13,539
OUTREACH:			
Cash for College	-	200	200
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$880,818	\$948,285	\$948,285

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2007-08*	2008-09*	2009-10*
0001 General Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$15,349	\$-	\$-
Allocation for employee compensation	323	-	-
Adjustment per Section 3.60	-30	-	-
Adjustment per Section 4.04	-131	-	-
Adjustment per Section 15.25	-5	-	-
001 Budget Act appropriation as amended by Chapter 269, Statutes of 2008	-	13,527	-
Allocation for employee compensation	-	18	-
Adjustment per Section 3.60	-	-5	-
001 Budget Act appropriation	-	-	12,623
Prior year balances available:			
Item 7980-001-0001, Budget Act of 2007 as reappropriated by Item 7980-490, Budget Act of 2008	-	502	-
Totals Available	\$15,506	\$14,042	\$12,623
Balance available in subsequent years	-502	-	-
TOTALS, EXPENDITURES	\$15,004	\$14,042	\$12,623
0783 Federal Student Loan Reserve Fund			
APPROPRIATIONS			
Education Code Section 69766 (for purchase of defaulted loans to Ed Fund)	\$1,036,629	\$1,120,000	\$1,120,000
Education Code Section 69766 (Loan recoveries, repurchases and processing)	241,260	296,242	296,242
TOTALS, EXPENDITURES	\$1,277,889	\$1,416,242	\$1,416,242
0784 Student Loan Operating Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$-	\$500	\$514
Allocation for employee compensation	-	1	-
Education Code Section 69766 (Education Fund other support)	92,002	104,018	104,016

* Dollars in thousands

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1 STATE OPERATIONS	2007-08*	2008-09*	2009-10*
Education Code Section 69766 (Fund civil service personal services)	<u>2,898</u>	<u>1,519</u>	<u>1,521</u>
TOTALS, EXPENDITURES	\$94,900	\$106,038	\$106,051
0890 Federal Trust Fund			
APPROPRIATIONS			
001 Budget Act appropriation as amended by Chapter 269, Statutes of 2008	\$-	\$130	\$-
001 Budget Act appropriation	<u>-</u>	<u>-</u>	<u>130</u>
TOTALS, EXPENDITURES	\$-	\$130	\$130
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	<u>\$296</u>	<u>\$296</u>	<u>\$296</u>
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$1,388,089	\$1,536,748	\$1,535,342
2 LOCAL ASSISTANCE			
0001 General Fund			
APPROPRIATIONS			
101 Budget Act appropriation	\$857,614	\$-	\$-
Revised expenditure authority per Provision 2	-62	-	-
101 Budget Act appropriation as amended by Chapter 269, Statutes of 2008	-	823,984	-
Revised expenditure authority per Provision 7	-	62,616	-
101 Budget Act appropriation	<u>-</u>	<u>-</u>	<u>718,036</u>
Totals Available	\$857,552	\$886,600	\$718,036
Unexpended balance, estimated savings	<u>-5,892</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$851,660	\$886,600	\$718,036
0784 Student Loan Operating Fund			
APPROPRIATIONS			
101 Budget Act appropriation	<u>\$-</u>	<u>\$24,000</u>	<u>\$-</u>
TOTALS, EXPENDITURES	\$-	\$24,000	\$-
0890 Federal Trust Fund			
APPROPRIATIONS			
101 Budget Act appropriation	\$10,622	\$-	\$-
Budget Adjustment	59	-	-
101 Budget Act appropriation as amended by Chapter 269, Statutes of 2008	-	18,171	-
101 Budget Act appropriation	<u>-</u>	<u>-</u>	<u>18,171</u>
TOTALS, EXPENDITURES	\$10,681	\$18,171	\$18,171
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	<u>\$18,477</u>	<u>\$19,514</u>	<u>\$212,078</u>
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$880,818	\$948,285	\$948,285
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$2,268,907	\$2,485,033	\$2,483,627

* Dollars in thousands